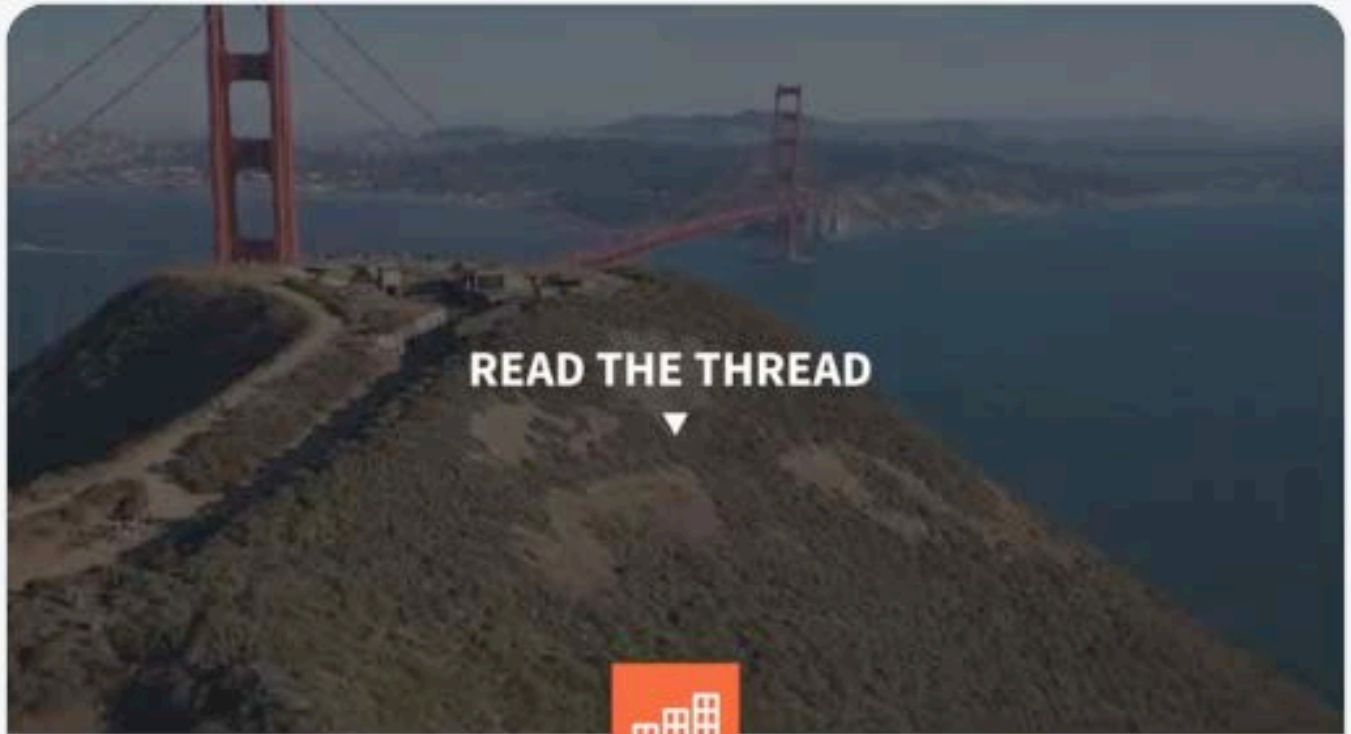




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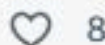
The Big Idea Behind the Innovation Fund



Benjamin Miller  @BenMillerise · Aug 10

The big idea behind the @fundrise Innovation Fund is to democratize access to the top private tech companies (e.g., A.I. is largely happening in the private market).

Criticism we have heard so far are:...



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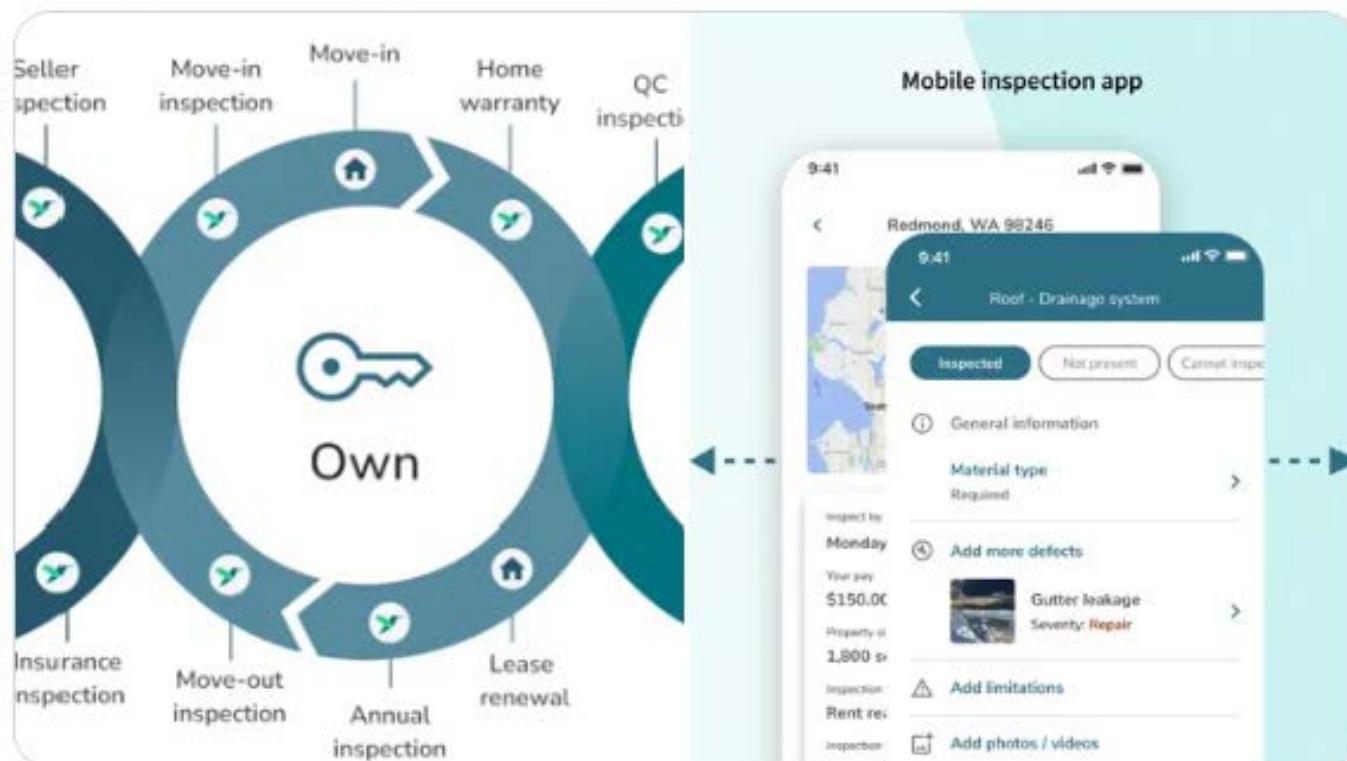


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@BenMillerise



We're excited to announce that the [@Fundrise](#) Innovation Fund has led a strategic fundraising round into Inspectify, a vertically-integrated property inspection software platform and leading solution provider for inspection services.

fundrise.com/investor-updat...



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The big idea behind the [@fundrise](#) Innovation Fund is to democratize access to the top private tech companies (e.g., A.I. is largely happening in the private market).

Criticism we have heard so far are:

- 1) Venture Capital requires special access and pattern recognition.
- 2) VC is too high risk and illiquid for normal investors.
- 3) Private companies get extraordinary “value add” from their VC investors

Let's take each in turn.

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Before we dive in, let's set the shared framework: power law.

The most important thing in VC is to invest in the best companies



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Access & Pattern Recognition

The top VCs clearly have both. Early stage companies (seed to Series B) will buy the best VC brand they can get.

However, tech companies need the most dollars after Series B (~65%).

By that point, the breakout companies are clear. It's data driven



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Access generally goes to the highest bidder.



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Access generally goes to the highest bidder.

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The market, not the VC, sets the price. Price is set by the overall supply of money. Pricing was horrible in 2021 and is attractive in 2023.

In an auction, the 5% higher price does not make or break the deal.

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Side note, the VC industry took this idea too far from 2018-2022. Markets fail on the regular. Happened in the public markets too.

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Too Risky & Illiquid

Early stage VC is super risky. Late stage VC is similar to investing in public markets b/c companies are staying private longer.

VC is illiquid. Agreed.

Investors, private tech is not liquid. A private tech fund must be able to pause redemptions.

That... [Show more](#)

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VC Value Add

The top VC add value, especially early stage. The value add diminishes significantly in the later stages.

At least as often, VCs detract value. There are the top 10% and everyone else. VC negatives ranges from different incentives to bad advice to predatory.

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[@fundrise](#) value add is different. With 2 million users, our fund is a sales and marketing platform.

Although we have built a tech company, with 100+ first-class engineers, we want to be a passive investors.

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The Final Analysis

For the past 20 years, most investors have been barred from investing in private tech.

That just doesn't make sense. It is fundamentally unfair, undemocratic, and inconsistent with values of the tech industry.

We hope to change that.

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❤️ 17

📊 1,228

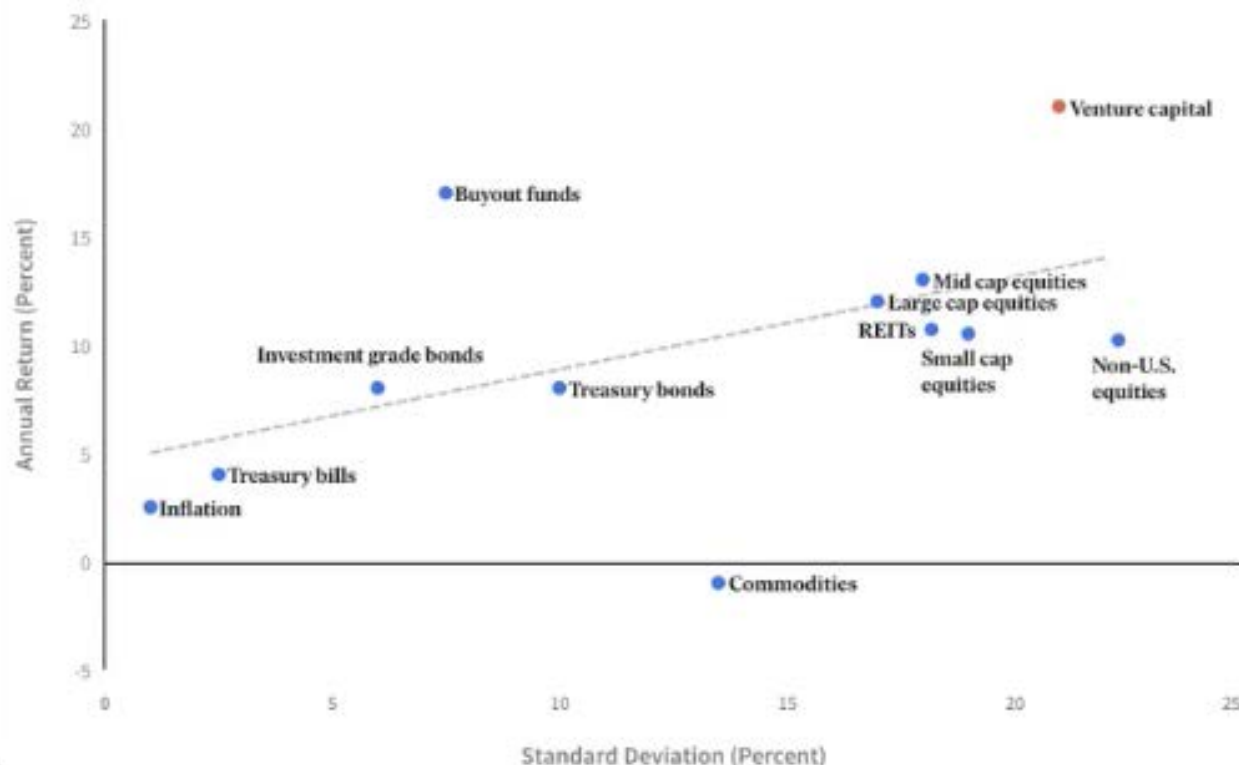


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Risk and reward for asset classes, 1984-2015



💬 3



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